

Senate File 2407 - Introduced

SENATE FILE 2407

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2074)

A BILL FOR

1 An Act modifying the rebate of sales and use tax to the owner or
2 operator of a raceway facility and including effective date
3 and retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.2, subsection 11, paragraph b,
2 subparagraph (7), Code 2018, is amended to read as follows:

3 (7) Beginning the first day of the quarter following July
4 1, 2014, transfer to the raceway facility tax rebate fund
5 created in [section 423.4, subsection 11](#), paragraph "e", that
6 portion of the sales tax receipts collected and remitted upon
7 sales of tangible personal property or services furnished by
8 retailers at a raceway facility meeting the qualifications
9 of [section 423.4, subsection 11](#), that remains after the
10 transfers required in subparagraphs (1) through (6) of this
11 paragraph "b". This subparagraph is repealed June 30, 2025,
12 or thirty days following the date on which an amount of total
13 rebates specified in [section 423.4, subsection 11](#), paragraph
14 "c", subparagraph ~~(4)~~ (3), subparagraph division ~~(a) or~~ (b),
15 ~~whichever is applicable~~, has been provided or thirty days
16 following the date on which rebates cease as provided in
17 section 423.4, subsection 11, paragraph "c", subparagraph ~~(5)~~
18 (4), whichever is earliest.

19 Sec. 2. Section 423.4, subsection 11, paragraphs b, c, d, e,
20 and g, Code 2018, are amended to read as follows:

21 b. The owner or operator of a raceway facility may apply to
22 the department for a rebate of the following:

23 ~~(1) Sales~~ sales tax imposed and collected by retailers upon
24 sales of tangible personal property or services furnished to
25 purchasers at the raceway facility. Notwithstanding the state
26 sales tax imposed in [section 423.2](#), a sales tax rebate issued
27 pursuant to this subparagraph shall not exceed the amounts
28 transferred to the raceway facility tax rebate fund pursuant to
29 section 423.2, subsection 11, paragraph "b", subparagraph (7).

30 ~~(2) (a) Sales or use tax upon the sales price of all~~
31 ~~tangible personal property, or from services furnished to a~~
32 ~~contractor, used in the fulfillment of a written contract with~~
33 ~~the owner or operator if the property becomes an integral part~~
34 ~~of the project under contract and at the completion of the~~
35 ~~project becomes part of the raceway facility.~~

1 ~~{b} The rebate available under this subparagraph shall be~~
2 ~~limited to one project per raceway facility. If such a project~~
3 ~~is undertaken, the owner or operator of the raceway facility~~
4 ~~shall notify the department upon completion of the project.~~

5 ~~{c} Notwithstanding the state sales tax imposed in section~~
6 ~~423.2, a sales tax rebate issued pursuant to this subparagraph~~
7 ~~shall not exceed the amounts remaining after the transfers~~
8 ~~required under section 423.2, subsection 1, paragraph "b",~~
9 ~~subparagraphs (1) through (6), have been made from the total~~
10 ~~amount of sales tax for which the rebate is requested.~~

11 ~~{d} Notwithstanding the state use tax imposed in section~~
12 ~~423.5, a use tax rebate issued pursuant to this subparagraph~~
13 ~~shall not exceed the amounts remaining after the transfers~~
14 ~~required under section 423.43, subsection 1, have been made~~
15 ~~from the total amount of use tax for which the rebate is~~
16 ~~requested.~~

17 ~~c.~~ The rebate may be obtained only in the following amounts
18 and manner and only under the following conditions:

19 ~~(1) For rebates pursuant to paragraph "b", subparagraph (1),~~
20 ~~on~~ On forms furnished by the department within the time period
21 ~~provided by the department by rule, which time period shall not~~
22 ~~be longer than quarterly in this subparagraph. As prescribed~~
23 ~~in subparagraph (3), subparagraph division (a), the amount~~
24 ~~of a rebate shall be limited by and calculated according to~~
25 ~~the amount of project costs incurred and paid by the owner or~~
26 ~~operator on or after the effective date of this Act. A rebate~~
27 ~~claim calculated according to an amount of project costs shall~~
28 ~~be considered timely only if the form upon which the rebate is~~
29 ~~requested is filed with the department within ninety days of~~
30 ~~the date the project cost is paid by the owner or operator.~~

31 ~~{2} For rebates pursuant to paragraph "b", subparagraph (2),~~
32 ~~on~~ forms furnished by the department within the time period
33 ~~provided by the department by rule, but not more than one year~~
34 ~~after the final settlement has been made.~~

35 ~~{3}~~ (2) The owner or operator shall provide information as

1 deemed necessary by the department, including but not limited
 2 to information to substantiate the project costs incurred and
 3 paid by the owner or operator.

4 ~~{4}~~ (3) The transactions described in paragraph "b" for
 5 which sales or use tax was collected and the rebate is sought
 6 occurred on or after January 1, 2015, but before January 1,
 7 2025. However, the total amount of rebates provided pursuant
 8 to this subsection shall not exceed the lesser of the following
 9 amounts:

10 (a) ~~Twenty-five percent of the project costs, as determined~~
 11 ~~by the department, if such a project is undertaken by the owner~~
 12 ~~or operator~~ The amount of project costs incurred and paid by
 13 the owner or operator on or after the effective date of this
 14 Act. For purposes of this subparagraph division subsection,
 15 "project costs" means costs incurred and paid by the owner or
 16 operator in connection with the planning, design, construction,
 17 and installation of new property or of modifications to
 18 existing property that becomes an integral part of the project
 19 under contract which project if such property upon completion
 20 of one or more projects becomes or remains part of the
 21 raceway facility, and other costs incurred by the owner or
 22 operator in connection with the project that are customarily
 23 associated with the and constitutes the renovation, remodeling,
 24 reconstruction, expansion, equipping, or improvement of real
 25 property that comprises the raceway facility. Project costs
 26 shall be determined after the department receives notification
 27 of completion of the project pursuant to paragraph "b",
 28 subparagraph (2), subparagraph division (b) "Project costs" does
 29 not include any amount of cost that is not substantiated to the
 30 department pursuant to subparagraphs (1) and (2) within ninety
 31 days of the date it is paid by the owner or operator. However,
 32 if rebates cease because of a change of control of the raceway
 33 facility as provided in paragraph "c", subparagraph (5),
 34 project costs shall be determined as of the date the change of
 35 control occurs.

1 (b) ~~Two~~ One million eight hundred thousand dollars.

2 ~~(5)~~ (4) Notwithstanding subparagraph ~~(4)~~ (3), the rebate
3 of sales ~~or use~~ tax shall cease for transactions occurring
4 on or after the date of the change of control of the raceway
5 facility.

6 ~~(6)~~ (5) The raceway facility has not received or shall not
7 receive any grants under the community attraction and tourism
8 program pursuant to chapter 15F, subchapter II, or the vision
9 Iowa program pursuant to chapter 15F, subchapter III.

10 d. To assist the department in determining the amount of the
11 rebate, the following shall occur:

12 ~~(1)~~ For rebates pursuant to paragraph ~~"b"~~, subparagraph
13 ~~(1)~~, the owner or operator shall identify to the department
14 retailers located at the raceway facility who will be
15 collecting sales tax. The department shall verify such
16 identity and ensure that all proper permits have been issued.
17 For purposes of this subsection, advance ticket and admissions
18 sales shall be considered occurring at the raceway facility
19 regardless of where the transactions actually occur.

20 ~~(2)~~ For rebates pursuant to paragraph ~~"b"~~, subparagraph ~~(2)~~,
21 the contractor shall state under oath, on forms provided by
22 the department, the amount of such sales of tangible personal
23 property, or services furnished and used in the performance
24 of a contract, and upon which sales or use tax has been paid,
25 and shall file such forms with the owner or operator which has
26 made any written contract for performance by the contractor.
27 The forms shall be filed by the contractor with the owner or
28 operator before final settlement is made. Any contractor who
29 willfully makes a false report of tax paid under the provisions
30 of this subsection is guilty of a simple misdemeanor and in
31 addition shall be liable for the payment of the tax and any
32 applicable penalty and interest.

33 e. There is established within the state treasury under
34 the control of the department a raceway facility tax rebate
35 fund consisting of the amount of state sales tax revenues

1 transferred pursuant to section 423.2, subsection 11, paragraph
 2 "b", subparagraph (7). An account is created within the
 3 fund for each raceway facility meeting the qualifications
 4 of this subsection. Moneys in the fund shall only be used
 5 to provide rebates of state sales tax pursuant to paragraph
 6 "b", ~~subparagraph (1)~~. The total amount of rebates paid from
 7 the fund shall not exceed the amount specified in paragraph
 8 "c", subparagraph ~~(4)~~ (3), subparagraph division (a) or (b),
 9 whichever is applicable less. Any moneys in the fund which
 10 represent state sales tax revenue ~~for which the time period~~
 11 ~~in paragraph "c" for receiving a rebate has expired, or which~~
 12 ~~otherwise represent state sales tax revenue that has become~~
 13 ~~ineligible for rebate pursuant to this subsection~~ shall
 14 immediately revert to the general fund of the state.

15 g. This subsection is repealed June 30, 2025, or thirty
 16 days following the date on which ~~an amount of total rebates~~
 17 ~~specified in paragraph "c", subparagraph (4), subparagraph~~
 18 ~~division (a) or (b), whichever is applicable, has~~ one million
 19 eight hundred thousand dollars in total rebates have been
 20 provided and no overpayment of rebates exists, or thirty days
 21 following the date on which rebates cease as provided in
 22 paragraph "c", subparagraph ~~(5)~~ (4), and no overpayment of
 23 rebates exists, whichever is earliest.

24 Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate
 25 importance, takes effect upon enactment.

26 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
 27 retroactively to January 1, 2015, for sales occurring on or
 28 after that date.

29 EXPLANATION

30 The inclusion of this explanation does not constitute agreement with
 31 the explanation's substance by the members of the general assembly.

32 BACKGROUND. Current law provides a rebate of sales and use
 33 tax to the owner or operator of a raceway facility that meets
 34 certain requirements. The rebate is available for two types of
 35 transactions. The first type is for state sales tax collected

1 on purchases made at the raceway facility. The second type is
2 for state sales or use tax paid by a contractor in completion
3 of a project at the raceway facility. The rebate related to
4 the completion of a project is limited to one project per
5 raceway facility. The rebates only apply to transactions
6 occurring between January 1, 2015, and January 1, 2025. The
7 maximum amount of rebates is limited to \$2 million or 25
8 percent of the project costs if such a project is undertaken at
9 the raceway facility, whichever is less.

10 BILL CHANGES. This bill strikes provisions allowing the
11 rebate for state sales or use tax paid by a contractor in
12 completion of a project at the raceway facility, and strikes
13 other provisions relating to the administration of that
14 component of the rebate. The rebate will now be available only
15 for state sales tax collected on purchases made at the raceway
16 facility, and shall be limited by and calculated according to
17 the amount of project costs incurred and paid by the owner or
18 operator on or after the effective date of the bill. The bill
19 also amends the maximum rebate limit to equal \$1.8 million.

20 The bill modifies the definition of "project costs" for
21 purposes of the rebate to exclude any amount of a project's
22 cost that is not substantiated to the department of revenue
23 (department) within 90 days of the date it is paid by the owner
24 or operator. As a result, project costs not properly reported
25 to the department within 90 days of the date they are paid by
26 the owner or operator shall not be eligible for a rebate paid
27 from the amounts of state sales tax collected on purchases made
28 at the raceway facility.

29 The bill takes effect upon enactment and applies
30 retroactively to January 1, 2015, for sales occurring on or
31 after that date.